

MULTIFAMILY HOUSING LOANS CAN BE USED FOR THREE TYPES OF PROJECTS.

1 PRESERVATION OF AFFORDABLE HOUSING

- *Projects must have been developed using at least one of the following: Low-Income Housing Tax Credits, state or local HOME funds, tax-exempt bonds, a HUD or USDA Rural Development program (e.g., Section 515) or IFA Housing Assistance Programs.*
- *At a minimum, the units must be affordable to tenants with incomes at or below 80 percent of area median income, and in most cases must be affordable to tenants with incomes at or below 50 percent of area median income. Mixed income projects will be considered.*

2 LOW-INCOME HOUSING TAX CREDITS

- *Projects allocated either 4 or 9 percent tax credits that have not yet started construction or have not obtained permanent financing are eligible for loans under this type.*

3 SUBSTANTIAL REHABILITATION OF NONRESTRICTED PROJECTS

- *Eligible projects are those that currently have no affordability restrictions.*
- *An election of at least 40 percent of the units at fair market rent or lower must be made at closing.*
- *Projects must need and sponsors must agree to complete rehabilitation of at least \$6,000 per unit in hard construction costs.*

(Except what is noted above, all usual terms and conditions apply.)

FEES

Commitment fee is 1 percent of total loan(s).

- *Required with the signing of the loan commitment.*
- *Refunded upon closing the first mortgage.*

Nonrefundable application fee is 0.3 percent of loan.



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Program regulations are subject to change without notice.
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Multifamily Housing Loan Program



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The Iowa Finance Authority seeks to preserve the existing supply of affordable rental units at risk of being lost and to foster the production of new affordable rental units in Iowa.



ELIGIBILITY

Nonprofit and for-profit entities are eligible to apply for assistance under the program.

There must be a demonstrated market need for the proposed units. Projects must be in a good location and cannot be functionally obsolete in terms of unit mix, amenities, parking and other property considerations. Eligible projects must have at least five units. IFA may require a change of management or general partner and may refer applicants to other financing options, such as tax-exempt bonds or Low-Income Housing Tax Credits, when appropriate.

PROGRAM TERMS AND CONDITIONS

Maximum loan term for construction financing is 24 months. Maximum loan term for permanent financing is 40 years. Projects must be able to maintain financial feasibility and affordability for at least the loan term.

A debt service ratio of 1.25 to 1 is required; loan-to-value ratio will be considered.

IFA, in its sole discretion, sets the interest rate for the loans.

Forward rate locks are provided with or without points.

- Each six-month period will add 0.15 percent to the loan rate. For example, interest rate charged on current rate of 6 percent without points is as follows:
 - Six months – 6.15 percent
 - 12 months – 6.30 percent
 - 18 months – 6.45 percent
 - 24 months – 6.60 percent
- A buydown of the interest rate for the permanent loan is provided upon request. For example, points on a 30-year, 6 percent interest loan would be as follows:
 - Six months – 1.54 percent
 - 12 months – 2.95 percent
 - 18 months – 4.22 percent
 - 24 months – 5.37 percent

Loans are secured with a first mortgage.

Maintenance and debt service reserve funds must be adequately funded.

Borrowers must covenant to observe certain compliance measures, including a recorded agreement to ensure long-term affordability.

Local contributing effort of at least 1 percent of the proposed loan amount is required.

A Title Guaranty Certificate of IFA's Title Guaranty Division is required on all loans, unless specifically waived by IFA.

Construction and permanent loans are nonrecourse to the borrower.

FHA-insured loans are available through HUD's Multifamily Accelerated Processing (MAP).

GAP financing is available for those with an IFA first mortgage loan, per the following terms:

- *Maximum loan size is up to 50 percent of IFA's first mortgage loan.*
- *Loan will be a second mortgage.*
- *Up to the term of IFA's first mortgage loan by meeting a debt service coverage ratio of a minimum of 1.15 overall.*
- *Below-market interest rate set by IFA. (Currently 3 percent)*

IFA board of directors has the sole discretion to approve final loan terms.